ECONOMIC AND FINANCIAL DEVELOPMENT IN BUSINESS

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https://doi.org/10.5281/zenodo.8173596

Abstract: in this article, mainly the problems of business development regulation are issued which are increasingly being discussed in the scientific community due to the deteriorating situation of companies as a result of the instability of the financial environment. It is obvious that achieving success in business becomes difficult in a situation in which difficult to secure financial stability and solvency of companies. However, in fairness, it should be noted that in the past times when the business environment was relatively stable and predictable, companies were exposed to no less risks of bankruptcy in the conditions both low and overly rapid growth. The study generalizes the findings of theoretical and empirical research on the function of the financial sector in the economy. We demonstrated that, due to the co-evolution of finance and the economy, the financial sector may be both a source of economic development and a cause of economic insecurity. The document demonstrates a thorough approach to the study of financial development, including the allocation of its qualitative components as well as quantitative features.

Keywords: public, financial, exacerbate, monetary circulation, credit, neoclassical, perceptions liquidity, industrialized countries.

The issue of the role of the financial sector in the public economy has always occupied one of the central places in economic research. In recent decades, interest in studying the impact of the level of financial development on the real economy has increased significantly, due to large-scale financial and economic shocks that exacerbate the need for rethinking the place and importance of finance in modern world.

In the economic literature, there are significant discrepancies in the assessment of the impact finance for economic growth. R. Levin his work containing an overview of theoretical and empirical developments on this question, notes that finance is not even mentioned in a collection of essays on issues pioneer factors of economic development;

Nobel laureate R. Lucas excludes finance from the key determinants of economic growth. From these positions finance does not cause economic growth, but simply respond to changing requirements real sector. The orthodox position prevailing in the early stages of the formation of financial institutions, according to which their activities were limited solely to the function of ensuring economic turnover money, with further development has been rethought. Within the framework of the neoclassical platform of economic science, the role of the financial sector in the public economy began to communicate with effective distribution of resources on the basis of overcoming the uncertainty of the investment result and reducing the risk of investments. The founder of evolutionary theory J. Schumpeter considered this role through the prism of the concept of development, methodologically distinguishing the participation of financial institutions in the "economic cycle" monetary mediation of routine economic processes, and the "development process", requiring the activation of market financing of investments. The logic of substantiating the role of finance in the economic system of J. M. Keynes was based on an appeal to the triad of fundamental psychological factors ("psychological consumerism, psychological assumptions about future returns on capital assets and psychological perceptions liquidity" [5, p. 228], using the first proved the key role of investment in the formation of an aggregate output, and the last two - the dependence of the dynamics of investments on the functioning of the financial market.

His followers, representatives of the theory of financial Keynesianism (H. Minsky, L. Ray, C. Whalen and others) concentrated their attention to the study of the financial aspects of the accumulation of productive capital in a market economy. The new institutional theory linked the role of the financial sector in economic development primarily with the ability to

Finance, monetary circulation and credit. Financial institutions to concentrate and broadcast information, reduce information asymmetry, provide execution of contracts and consequently minimize transaction costs.

Financial systems that arise to level market frictions, of course, influence the distribution of resources in time and space, which in turn affects economic growth. Widespread since the 90 years. Twentieth century, received empirical research on the impact of the financial sector on economic growth, including developments on microeconomic, sectoral, sectoral, macroeconomic, cross-country and intertemporal levels. The mechanisms of the impact of financial development on economic growth were studied by highlighting channels such as investment, accumulation human capital and overall productivity. The results of the received assessments turned out to be very ambiguous and had significant spread. However, studies have shown a significant positive relationship between the functioning financial sector and long-term economic growth, as well as allowed to identify factors of financial development and channels through which the financial sector affects economic growth. Generally, the data showed that:

• the level of financial development is determined by the action of various determinants, some research programs are considering in their capacity, legal systems and macroeconomic policies affecting shaping the operations of the financial sector, others focus on the political, cultural and geographical context;

• finance has a greater impact on economic growth through the promotion of productivity and resource allocation than through accumulation capital; at the same time, the channel of the initial capital accumulation is mainly present in the developing world, while the productivity channel is most important for industrialized countries;

the development of the financial sector contributes to the reduction of liquidity constraints and the growth of long-term investments of companies, which ultimately reduces volatility investments and stabilizes the processes of economic growth, stimulates the innovative activity of firms, the formation of more efficient portfolio structure and choice of rational organizational forms with potential implications for aggregate economic growth;

• financial development has a disproportionately positive impact on sectors with excess and shortage of financial resources, the presence of strong and weak future opportunities, the dominance of small or large enterprises;

• countries with more developed financial sector are characterized by faster economic growth rates, while the type financial system (with priority development of banks or capital markets) not so important.

The results of many studies have shown that the financial sector, mediating the accumulation of society's savings and placing them for the best use, has a critical important for economic growth. Coevolution, i.e. systems interaction, leads to a transformation in the development of each of them.

Due to these circumstances, the financial sector can be both a factor in economic growth and a source of economic instability. Significance this thesis is due to the fact that the recognition of the co-evolution of finance and economic growth can have an impact on formation of the corresponding vector financial development policy sector, as well as directions for further research in the field of identification regulatory and political determinants of financial development. The degree of effectiveness of financial institutions and markets as mediators of investment capital can be assessed, in particular, such an indicator as the share of financial sector resources in the total sources of financing investments in fixed assets. The analysis of this indicator shows that in recent years share of bank loans in the total volume sources of financing investments in fixed assets is 8-10%, but the share resources of stock market institutions is insignificant. Formation of a financial sector focused on achieving sustainable economic growth needs to slow down various forms of destabilization of the financial sector, significant changes in financial proportions and redistribution of financial flows. In turn, the implementation these tasks is possible only on the basis of creating a new model of economic development, the competitiveness of which is primarily determined by the potential of non-related fuel and raw materials of internal funding sources that should be available to investors.

Restructuring and strengthening the financial system, improving its regulation, controlling systemic risks. At the core of modern strategies for the development of national financial system, taking into account general trends its development, opportunities and threats should be proportionality to the scale of the economy and the ability to ensure the country's economic sovereignty and competitiveness are determined in the international arena; efficiency, expressed in the transformation of domestic savings into investments with the lowest transaction costs; facilitating the transition to an innovative type of reproduction through establishment of a financial security mechanism innovation priorities; ; formation of a financial base for the expansion of Russian business to foreign markets and the implementation of state policy to strengthen the financial sovereignty; overcoming functional, structural and territorial gaps in financial development. The development of the financial sector should only be seen in the context of its role in the economy and development of the country. A combination of all of these areas will contribute to financial development that ensures sustainable growth national economy..

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